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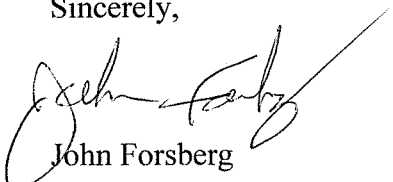
Beth O'Donnell, Executive Director
Commonwealth of Kentucky
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 99-225 Citipower, LLC Quarterly Financial Statements

Dear Ms. O'Donnell;

Please find the enclosed Citipower, LLC Quarterly Financial Statements (comparative balance sheet and income statement) for the four quarters in 2005.

Sincerely,



John Forsberg

Citipower, L. L. C.
Balance Sheet
As of December 31, 2005

	Dec 31, 05	Sep 30, 05
ASSETS		
Current Assets		
Checking/Savings		
131 · Cash		
131.1 · McCreary - Operating A/C	24,564.26	4,512.23
131.2 · McCreary - Business A/C	4,923.55	5,494.27
131.5 · Centura A/C 0411790887	80,846.19	18,693.02
131.9 · Petty Cash	500.00	500.00
Total 131 · Cash	110,834.00	29,199.52
Total Checking/Savings	110,834.00	29,199.52
Accounts Receivable		
142 · Customer Accounts Receivable		
142.1 · A/R - Residential/Commercial	298,002.54	72,706.53
142.2 · A/R - Payment Plan	435.05	435.05
Total 142 · Customer Accounts Receivable	298,437.59	73,141.58
144 · Allow for Uncollectible Accts.	(6,000.00)	(6,000.00)
Total Accounts Receivable	292,437.59	67,141.58
Other Current Assets		
134 · Other Special Deposits		
134.5 · Utility Deposits	2,036.79	1,995.78
Total 134 · Other Special Deposits	2,036.79	1,995.78
143 · Other Accounts Receivable		
143.5 · Transportation Fees Receivable	32,840.96	29,777.52
Total 143 · Other Accounts Receivable	32,840.96	29,777.52
146 · A/R from Associated Companies		
146.3 · A/R - Forexco, Inc.	(20,000.00)	(10,000.00)
Total 146 · A/R from Associated Companies	(20,000.00)	(10,000.00)
147.1 · PREPAID INSURANCE	36,329.43	36,329.43
Total Other Current Assets	51,207.18	58,102.73
Total Current Assets	454,478.77	154,443.83
Fixed Assets		
101 · Gas Plant in Service (365-399)		
367.N · Pipeline Line - Steel - N	0.00	1,053,723.97
368.N · Compressor Station & Equip. - N	0.00	134,535.18
369 · Prison Pipeline	1,465.83	1,465.83
376.1 · Pipeline - 1" & 2"	386,662.95	386,662.95
376.3 · Pipeline - 3"	456,479.96	456,479.96
376.4 · Pipeline - 4"	1,008,793.48	1,008,793.48
376.6 · Pipeline - 6"	492,615.37	492,615.37
377 · Compressor Station & Equipment	7,160.77	7,160.77
378.1 · Reg/Odorant Station	12,474.06	12,474.06
382 · Equipment - Meters/Setup	768,196.97	768,196.97
390 · Office Building	125,000.00	125,000.00
391.1 · Office Furniture & Equipment	11,011.80	11,011.80
391.2 · Office Software	16,801.32	16,801.32
392 · Automobiles/Vehicles	75,218.62	75,218.62
396 · Equipment - DW/Other	77,985.33	77,985.33
Total 101 · Gas Plant in Service (365-399)	3,439,866.46	4,628,125.61

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Accrual Basis

Citipower, L. L. C.
Balance Sheet
As of December 31, 2005

	Dec 31, 05	Sep 30, 05
108 · Accumulated Depreciation	(1,324,266.43)	(1,761,388.25)
Total Fixed Assets	2,115,600.03	2,866,737.36
Other Assets		
123 · Investment in Assoc. Companies		
123.1 · LBU, LLC investment	0.00	2,314,123.62
123.2 · Citigas, LLC investment	0.00	2,010,216.27
Total 123 · Investment in Assoc. Companies	0.00	4,324,339.89
Total Other Assets	0.00	4,324,339.89
TOTAL ASSETS	2,570,078.80	7,345,521.08
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
232 · Accounts Payable	173,302.10	40,524.68
Total Accounts Payable	173,302.10	40,524.68
Other Current Liabilities		
Accrued Payroll	3,260.08	3,260.08
231 · Notes Payable		
231.1 · Note Payable - Bank of McCreary	0.00	997,867.61
231.2 · Line of Credit	0.00	495,000.00
231.9 · CitiEnergy, LLC	243,053.94	0.00
Total 231 · Notes Payable	243,053.94	1,492,867.61
235 · Customer Deposits	7,038.82	5,888.82
236 · Taxes Accrued		
236.2 · Sales Tax Payable	2,959.09	213.12
236.3 · Severance Tax Payable	(6,487.08)	(1,360.76)
236.4 · School Tax Payable	7,111.32	1,001.67
Total 236 · Taxes Accrued	3,583.33	(145.97)
237 · Interest Accrued	3,826.58	3,826.58
242 · Misc. / Other Liabilities		
242.2 · Liability - Citizens Gas Check	37,850.25	0.00
242 · Misc. / Other Liabilities - Other	227.50	227.50
Total 242 · Misc. / Other Liabilities	38,077.75	227.50
Total Other Current Liabilities	298,840.50	1,505,924.62
Total Current Liabilities	472,142.60	1,546,449.30
Total Liabilities	472,142.60	1,546,449.30
Equity		
216 · Retained Earnings	(3,580,895.71)	(3,580,895.71)
218 · Member's Capital Contributions		
218.0 · Opening Bal Equity	5,537,842.95	0.00
218.3 · Class B - Capital Contributed	0.00	8,730,760.26
218.5 · Class C - 7% Preferred	0.00	466,574.52
218.7 · Class D - 7% Preferred	0.00	583,686.95
Total 218 · Member's Capital Contributions	5,537,842.95	9,781,021.73

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Accrual Basis

Citipower, L. L. C.
Balance Sheet
As of December 31, 2005

	Dec 31, 05	Sep 30, 05
219 · Member's Capital Distributions		
219.3 · Class B - Distributions	0.00	(111,365.67)
219.5 · Class C - Distributions	0.00	(167,273.50)
219.7 · Class D - Distributions	0.00	(131,930.00)
Total 219 · Member's Capital Distributions	0.00	(410,569.17)
Net Income	140,988.96	9,514.93
Total Equity	2,097,936.20	5,799,071.78
TOTAL LIABILITIES & EQUITY	2,570,078.80	7,345,521.08

Citipower, L. L. C.
Profit & Loss
October through December 2005

	Oct - Dec 05
Ordinary Income/Expense	
Income	
400 · Operating Revenues	
480 · Sales of Gas	
480.1 · Residential Sales	62,014.79
481.1 · Commercial Sales	31,016.05
481.2 · Industrial Sales	41,430.01
482.1 · Public Sales	312,375.16
Total 480 · Sales of Gas	<u>446,836.01</u>
Total 400 · Operating Revenues	446,836.01
414 · Other Operating Income	
488.1 · Misc Service Revenues	325.00
488.2 · Late Charges Collected	988.60
488.3 · Hook up fees collected	450.00
489.2 · Other Gas Rev. -Transportation	8,972.58
Total 414 · Other Operating Income	<u>10,736.18</u>
Total Income	<u>457,572.19</u>
Gross Profit	457,572.19
Expense	
401 · Operation Expense	
80X · Gas Supply Expense	
801 · Natural Gas Field Purchases	151,819.58
Total 80X · Gas Supply Expense	151,819.58
85X · Transmission Expenses	
853 · Trans. Compressor Labor & Exp.	329.60
855 · Trans. Compressor Fuel & Power	
855.3 · Compressor Electricity	50.05
855.4 · Compressor Telephone	75.91
Total 855 · Trans. Compressor Fuel & Power	125.96
860 · Trans. Compressor Rent	10,722.72
861 · Trans Compressor Station Rent	1,450.00
Total 85X · Transmission Expenses	<u>12,628.28</u>
87X · Distribution Expenses	
875 · Measuring & Reg. Station Exp.	
875.5 · Electricity - Prison Meter	23.68
875 · Measuring & Reg. Station Exp. - Other	5,475.86
Total 875 · Measuring & Reg. Station Exp.	5,499.54
876 · Sales Mtr Measuring Station Ren	300.00
878 · Meter & House Regulator Expense	
878.3 · Meters & Regulators	808.64
878.5 · Equipment Rental	432.00
878.8 · Materials & Supplies	2,199.30
Total 878 · Meter & House Regulator Expense	3,439.94
881 · Rents - Distribution Expenses	
881.4 · Rent - Shop & Storage	1,699.04
881.5 · Easements	79.00
Total 881 · Rents - Distribution Expenses	<u>1,778.04</u>

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Accrual Basis

Citipower, L. L. C.
Profit & Loss
October through December 2005

	Oct - Dec 05
894 · Maintenance of Equipment	
894.1 · Equipment Repairs	199.53
894.2 · Ditchwitch Maintenance	170.43
894 · Maintenance of Equipment - Other	335.00
	<hr/>
Total 894 · Maintenance of Equipment	704.96
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Total 87X · Distribution Expenses	11,722.48
92X · Admin. and General Expenses	
920 · Admin & General Salaries (920)	
920.2 · Mgt. Consulting Expense	8,028.85
920.4 · Management fees	32,982.68
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Total 920 · Admin & General Salaries (920)	41,011.53
921 · Office Supplies/Expense	
921.10 · Postage/FedEx (G&A)	530.32
921.11 · Meals/Entertainment	669.13
921.2 · Bank Svce Chgs (G&A)	19.56
921.29 · Uniforms	661.31
921.3 · Dues and Subscriptions	6.99
921.4 · Office Cleaning	414.47
921.5 · Telephone	3,169.66
921.7 · Utilities (G&A)	797.04
921.8 · Office Supplies & Expenses	233.69
	<hr/>
Total 921 · Office Supplies/Expense	6,502.17
923 · Outside Services	
923.1 · Engineering Services	1,558.40
923.2 · Accounting Fees	4,295.85
923.3 · Contract Labor - Office	689.50
923.6 · Legal & Professional Fees	16,004.69
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Total 923 · Outside Services	22,548.44
925 · Injuries & Damages	
925.3 · Employee Medical Expense	84.00
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Total 925 · Injuries & Damages	84.00
926 · Employee Pension/Benefit (926)	
926.1 · Insurance - Life	315.92
926.4 · Insurance - Medical	2,423.59
926.7 · Insurance - Workmans' Comp	1,566.10
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Total 926 · Employee Pension/Benefit (926)	4,305.61
930.2 · Misc. General Expenses	
930.2.5 · Misc General Exp	2.60
	<hr/>
Total 930.2 · Misc. General Expenses	2.60
932 · Maintenance of General Plant	
932.2 · Repairs & Maintenance - Office	45.97
932.6 · Termite Control - Office	0.00
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Total 932 · Maintenance of General Plant	45.97
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Total 92X · Admin. and General Expenses	74,500.32
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Total 401 · Operation Expense	250,670.66

Citipower, L. L. C.
Profit & Loss
October through December 2005

	Oct - Dec 05
408.1 · Taxes Other Than Income Taxes	
408.1.2 · PSC Assessment	16,115.29
408.1.4 · Property Taxes	6,352.82
Total 408.1 · Taxes Other Than Income Taxes	22,468.11
600 · Clearing Accounts	
656 · Employee Clearing Accounts	
656.1 · Payroll Expenses	25,491.33
Total 656 · Employee Clearing Accounts	25,491.33
667 · Transportation Expenses	
667.1 · Vehicle Expenses	2,129.92
667.4 · Vehicle Repair & Maint.	2,806.72
667.5 · Vehicle Insurance/Title/Fees	1,223.78
Total 667 · Transportation Expenses	6,160.42
Total 600 · Clearing Accounts	31,651.75
Total Expense	304,790.52
Net Ordinary Income	152,781.67
Other Income/Expense	
Other Expense	
426 · Donations	40.00
431 · Other Interest Expense	
431.2 · Interest expense - customer dep	2.70
431.4 · Interest-Note Payable	21,264.94
Total 431 · Other Interest Expense	21,267.64
Total Other Expense	21,307.64
Net Other Income	(21,307.64)
Net Income	131,474.03

Citipower, L. L. C.
Balance Sheet
As of September 30, 2005

	Sep 30, 05	Jun 30, 05
ASSETS		
Current Assets		
Checking/Savings		
131 · Cash		
131.1 · McCreary - Operating A/C	4,512.23	110,675.21
131.2 · McCreary - Business A/C	5,494.27	5,337.81
131.5 · Centura A/C 0411790887	18,693.02	14,909.97
131.9 · Petty Cash	500.00	500.00
Total 131 · Cash	29,199.52	131,422.99
Total Checking/Savings	29,199.52	131,422.99
Accounts Receivable		
142 · Customer Accounts Receivable		
142.1 · A/R - Residential/Commercial	72,706.53	125,510.67
142.2 · A/R - Payment Plan	435.05	418.38
Total 142 · Customer Accounts Receivable	73,141.58	125,929.05
144 · Allow for Uncollectible Accts.	(6,000.00)	(6,000.00)
Total Accounts Receivable	67,141.58	119,929.05
Other Current Assets		
134 · Other Special Deposits		
134.5 · Utility Deposits	1,995.78	1,427.19
Total 134 · Other Special Deposits	1,995.78	1,427.19
143 · Other Accounts Receivable		
143.5 · Transportation Fees Receivable	29,777.52	24,503.16
Total 143 · Other Accounts Receivable	29,777.52	24,503.16
146 · A/R from Associated Companies		
146.3 · A/R - Forexco, Inc.	(10,000.00)	1,225.00
Total 146 · A/R from Associated Companies	(10,000.00)	1,225.00
147.1 · PREPAID INSURANCE	36,329.43	36,329.43
Total Other Current Assets	58,102.73	63,484.78
Total Current Assets	154,443.83	314,836.82
Fixed Assets		
101 · Gas Plant in Service (365-399)		
367.N · Pipeline Line - Steel - N	1,053,723.97	1,053,723.97
368.N · Compressor Station & Equip. - N	134,535.18	134,535.18
369 · Prison Pipeline	1,465.83	1,465.83
376.1 · Pipeline - 1" & 2"	386,662.95	386,662.95
376.3 · Pipeline - 3"	456,479.96	456,479.96
376.4 · Pipeline - 4"	1,008,793.48	1,008,793.48
376.6 · Pipeline - 6"	492,615.37	492,615.37
377 · Compressor Station & Equipment	7,160.77	7,160.77
378.1 · Reg/Odorant Station	12,474.06	12,474.06
382 · Equipment - Meters/Setup	768,196.97	768,196.97
390 · Office Building	125,000.00	125,000.00
391.1 · Office Furniture & Equipment	11,011.80	11,011.80
391.2 · Office Software	16,801.32	16,801.32
392 · Automobiles/Vehicles	75,218.62	75,218.62
396 · Equipment - DW/Other	77,985.33	77,985.33
Total 101 · Gas Plant in Service (365-399)	4,628,125.61	4,628,125.61

Citipower, L. L. C.
Balance Sheet
As of September 30, 2005

	Sep 30, 05	Jun 30, 05
108 · Accumulated Depreciation	(1,761,388.25)	(1,761,388.25)
Total Fixed Assets	2,866,737.36	2,866,737.36
Other Assets		
123 · Investment in Assoc. Companies		
123.1 · LBU, LLC investment	2,314,123.62	2,314,123.62
123.2 · Citigas, LLC investment	2,010,216.27	2,010,216.27
Total 123 · Investment in Assoc. Companies	4,324,339.89	4,324,339.89
Total Other Assets	4,324,339.89	4,324,339.89
TOTAL ASSETS	7,345,521.08	7,505,914.07
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
232 · Accounts Payable	40,524.68	145,537.73
Total Accounts Payable	40,524.68	145,537.73
Other Current Liabilities		
Accrued Payroll	3,260.08	3,260.08
231 · Notes Payable		
231.1 · Note Payable - Bank of McCreary	997,867.61	997,867.61
231.2 · Line of Credit	495,000.00	495,000.00
Total 231 · Notes Payable	1,492,867.61	1,492,867.61
235 · Customer Deposits	5,888.82	5,638.82
236 · Taxes Accrued		
236.2 · Sales Tax Payable	213.12	302.40
236.3 · Severance Tax Payable	(1,360.76)	5,975.39
236.4 · School Tax Payable	1,001.67	961.94
Total 236 · Taxes Accrued	(145.97)	7,239.73
237 · Interest Accrued	3,826.58	3,826.58
242 · Misc. / Other Liabilities		
242.2 · Liability - Citizens Gas Check	0.00	(42,017.84)
242 · Misc. / Other Liabilities - Other	227.50	227.50
Total 242 · Misc. / Other Liabilities	227.50	(41,790.34)
Total Other Current Liabilities	1,505,924.62	1,471,042.48
Total Current Liabilities	1,546,449.30	1,616,580.21
Total Liabilities	1,546,449.30	1,616,580.21
Equity		
216 · Retained Earnings	(3,580,895.71)	(3,580,895.71)
218 · Member's Capital Contributions		
218.3 · Class B - Capital Contributed	8,730,760.26	8,730,760.26
218.5 · Class C - 7% Preferred	466,574.52	466,574.52
218.7 · Class D - 7% Preferred	583,686.95	583,686.95
Total 218 · Member's Capital Contributions	9,781,021.73	9,781,021.73
219 · Member's Capital Distributions		
219.3 · Class B - Distributions	(111,365.67)	(111,365.67)
219.5 · Class C - Distributions	(167,273.50)	(159,108.46)
219.7 · Class D - Distributions	(131,930.00)	(131,930.00)

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Accrual Basis

Citipower, L. L. C.
Balance Sheet
As of September 30, 2005

	Sep 30, 05	Jun 30, 05
Total 219 - Member's Capital Distributions	(410,569.17)	(402,404.13)
Net Income	9,514.93	91,611.97
Total Equity	5,799,071.78	5,889,333.86
TOTAL LIABILITIES & EQUITY	7,345,521.08	7,505,914.07

Citipower, L. L. C.
Profit & Loss
July through September 2005

	Jul - Sep 05
Ordinary Income/Expense	
Income	
400 · Operating Revenues	
480 · Sales of Gas	
480.1 · Residential Sales	7,625.30
481.1 · Commercial Sales	11,787.55
481.2 · Industrial Sales	187.63
482.1 · Public Sales	132,162.03
Total 480 · Sales of Gas	151,762.51
Total 400 · Operating Revenues	151,762.51
414 · Other Operating Income	
488.1 · Misc Service Revenues	75.00
488.2 · Late Charges Collected	598.18
488.3 · Hook up fees collected	200.00
489.2 · Other Gas Rev. -Transportation	8,799.71
Total 414 · Other Operating Income	9,672.89
Total Income	161,435.40
Gross Profit	161,435.40
Expense	
401 · Operation Expense	
80X · Gas Supply Expense	
801 · Natural Gas Field Purchases	60,583.67
Total 80X · Gas Supply Expense	60,583.67
85X · Transmission Expenses	
853 · Trans. Compressor Labor & Exp.	2,620.30
855 · Trans. Compressor Fuel & Power	
855.3 · Compressor Electricity	72.42
855.4 · Compressor Telephone	126.74
855 · Trans. Compressor Fuel & Power - Other	16.05
Total 855 · Trans. Compressor Fuel & Power	215.21
860 · Trans. Compressor Rent	10,204.53
Total 85X · Transmission Expenses	13,040.04
87X · Distribution Expenses	
874 · Maintenance of Mains	501.41
875 · Measuring & Reg. Station Exp.	
875.5 · Electricity - Prison Meter	29.88
Total 875 · Measuring & Reg. Station Exp.	29.88
878 · Meter & House Regulator Expense	
878.8 · Materials & Supplies	344.43
Total 878 · Meter & House Regulator Expense	344.43
881 · Rents - Distribution Expenses	
881.4 · Rent - Shop & Storage	1,680.00
881.5 · Easements	2,400.00
Total 881 · Rents - Distribution Expenses	4,080.00

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Accrual Basis

Citipower, L. L. C.
Profit & Loss
July through September 2005

	Jul - Sep 05
894 · Maintenance of Equipment	
894.2 · Ditchwitch Maintenance	46.94
Total 894 · Maintenance of Equipment	46.94
Total 87X · Distribution Expenses	5,002.66
92X · Admin. and General Expenses	
920 · Admin & General Salaries (920)	
920.2 · Mgt. Consulting Expense	16,799.77
920.4 · Management fees	30,000.00
Total 920 · Admin & General Salaries (920)	46,799.77
921 · Office Supplies/Expense	
921.10 · Postage/FedEx (G&A)	691.81
921.11 · Meals/Entertainment	522.38
921.29 · Uniforms	634.35
921.3 · Dues and Subscriptions	21.08
921.4 · Office Cleaning	355.00
921.5 · Telephone	3,043.52
921.7 · Utilities (G&A)	851.75
921.8 · Office Supplies & Expenses	214.33
Total 921 · Office Supplies/Expense	6,334.22
923 · Outside Services	
923.1 · Engineering Services	1,738.75
923.2 · Accounting Fees	3,413.43
923.3 · Contract Labor - Office	592.00
923.6 · Legal & Professional Fees	22,379.60
Total 923 · Outside Services	28,123.78
925 · Injuries & Damages	
925.5 · Employee Drug Testing Service	90.00
Total 925 · Injuries & Damages	90.00
926 · Employee Pension/Benefit (926)	
926.1 · Insurance - Life	2,064.33
926.4 · Insurance - Medical	773.71
926.7 · Insurance - Workmans' Comp	1,435.16
Total 926 · Employee Pension/Benefit (926)	4,273.20
930.1 · General Advertising Expenses	464.55
930.2 · Misc. General Expenses	
930.2.5 · Misc General Exp	151.07
930.3 · Tools and Supplies	118.04
Total 930.2 · Misc. General Expenses	269.11
932 · Maintenance of General Plant	
932.2 · Repairs & Maintenance - Office	39.75
Total 932 · Maintenance of General Plant	39.75
Total 92X · Admin. and General Expenses	86,394.38
Total 401 · Operation Expense	165,020.75
408.1 · Taxes Other Than Income Taxes	
408.1.2 · PSC Assessment	2,048.18
Total 408.1 · Taxes Other Than Income Taxes	2,048.18

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03/02/06
Accrual Basis

Citipower, L. L. C.
Profit & Loss
July through September 2005

	Jul - Sep 05
600 · Clearing Accounts	
656 · Employee Clearing Accounts	
656.1 · Payroll Expenses	31,884.56
656.3 · Training & Education	420.00
Total 656 · Employee Clearing Accounts	32,304.56
667 · Transportation Expenses	
667.1 · Vehicle Expenses	2,917.23
667.4 · Vehicle Repair & Maint.	25.54
667.5 · Vehicle Insurance/Title/Fees	1,209.38
Total 667 · Transportation Expenses	4,152.15
Total 600 · Clearing Accounts	36,456.71
Total Expense	203,525.64
Net Ordinary Income	(42,090.24)
Other Income/Expense	
Other Expense	
427 · Interest on Long-Term Debt	8,265.11
431 · Other Interest Expense	
431.4 · Interest-Note Payable	31,741.69
Total 431 · Other Interest Expense	31,741.69
Total Other Expense	40,006.80
Net Other Income	(40,006.80)
Net Income	(82,097.04)

Citipower, L. L. C.
Balance Sheet
As of June 30, 2005

	Jun 30, 05	Mar 31, 05
ASSETS		
Current Assets		
Checking/Savings		
131 · Cash		
131.1 · McCreary - Operating A/C	110,675.21	19,520.68
131.2 · McCreary - Business A/C	5,337.81	3,766.63
131.5 · Centura A/C 0411790887	14,909.97	75,718.31
131.9 · Petty Cash	500.00	500.00
Total 131 · Cash	131,422.99	99,505.62
Total Checking/Savings	131,422.99	99,505.62
Accounts Receivable		
142 · Customer Accounts Receivable		
142.1 · A/R - Residential/Commercial	125,510.67	207,250.74
142.2 · A/R - Payment Plan	418.38	401.71
Total 142 · Customer Accounts Receivable	125,929.05	207,652.45
144 · Allow for Uncollectible Accts.	(6,000.00)	(6,000.00)
Total Accounts Receivable	119,929.05	201,652.45
Other Current Assets		
134 · Other Special Deposits		
134.5 · Utility Deposits	1,427.19	307.88
Total 134 · Other Special Deposits	1,427.19	307.88
143 · Other Accounts Receivable		
143.5 · Transportation Fees Receivable	24,503.16	16,390.43
Total 143 · Other Accounts Receivable	24,503.16	16,390.43
146 · A/R from Associated Companies		
146.3 · A/R - Forexco, Inc.	1,225.00	0.00
Total 146 · A/R from Associated Companies	1,225.00	0.00
147.1 · PREPAID INSURANCE	36,329.43	36,329.43
Total Other Current Assets	63,484.78	53,027.74
Total Current Assets	314,836.82	354,185.81
Fixed Assets		
101 · Gas Plant in Service (365-399)		
367.N · Pipeline Line - Steel - N	1,053,723.97	1,053,723.97
368.N · Compressor Station & Equip. - N	134,535.18	134,535.18
369 · Prison Pipeline	1,465.83	1,465.83
376.1 · Pipeline - 1" & 2"	386,662.95	386,662.95
376.3 · Pipeline - 3"	456,479.96	456,479.96
376.4 · Pipeline - 4"	1,008,793.48	1,008,793.48
376.6 · Pipeline - 6"	492,615.37	492,615.37
377 · Compressor Station & Equipment	7,160.77	7,160.77
378.1 · Reg/Odorant Station	12,474.06	12,474.06
382 · Equipment - Meters/Setup	768,196.97	768,196.97
390 · Office Building	125,000.00	125,000.00
391.1 · Office Furniture & Equipment	11,011.80	11,011.80
391.2 · Office Software	16,801.32	16,801.32
392 · Automobiles/Vehicles	75,218.62	75,218.62
396 · Equipment - DW/Other	77,985.33	77,985.33
Total 101 · Gas Plant in Service (365-399)	4,628,125.61	4,628,125.61

Citipower, L. L. C.
Balance Sheet
As of June 30, 2005

	Jun 30, 05	Mar 31, 05
108 · Accumulated Depreciation	(1,761,388.25)	(1,761,388.25)
Total Fixed Assets	2,866,737.36	2,866,737.36
Other Assets		
123 · Investment in Assoc. Companies		
123.1 · LBU, LLC investment	2,314,123.62	2,386,333.62
123.2 · Citigas, LLC investment	2,010,216.27	2,010,216.27
Total 123 · Investment in Assoc. Companies	4,324,339.89	4,396,549.89
Total Other Assets	4,324,339.89	4,396,549.89
TOTAL ASSETS	7,505,914.07	7,617,473.06
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
232 · Accounts Payable	145,537.73	137,801.11
Total Accounts Payable	145,537.73	137,801.11
Other Current Liabilities		
Accrued Payroll	3,260.08	3,260.08
231 · Notes Payable		
231.1 · Note Payable - Bank of McCreary	997,867.61	997,867.61
231.2 · Line of Credit	495,000.00	495,000.00
Total 231 · Notes Payable	1,492,867.61	1,492,867.61
235 · Customer Deposits	5,638.82	5,238.82
236 · Taxes Accrued		
236.2 · Sales Tax Payable	302.40	1,851.47
236.3 · Severance Tax Payable	5,975.39	3,224.45
236.4 · School Tax Payable	961.94	5,562.06
Total 236 · Taxes Accrued	7,239.73	10,637.98
237 · Interest Accrued	3,826.58	3,826.58
242 · Misc. / Other Liabilities		
242.2 · Liability - Citizens Gas Check	(42,017.84)	0.00
242 · Misc. / Other Liabilities - Other	227.50	227.50
Total 242 · Misc. / Other Liabilities	(41,790.34)	227.50
Total Other Current Liabilities	1,471,042.48	1,516,058.57
Total Current Liabilities	1,616,580.21	1,653,859.68
Total Liabilities	1,616,580.21	1,653,859.68
Equity		
216 · Retained Earnings	(3,580,895.71)	(3,580,895.71)
218 · Member's Capital Contributions		
218.3 · Class B - Capital Contributed	8,730,760.26	8,730,760.26
218.5 · Class C - 7% Preferred	466,574.52	466,574.52
218.7 · Class D - 7% Preferred	583,686.95	583,686.95
Total 218 · Member's Capital Contributions	9,781,021.73	9,781,021.73
219 · Member's Capital Distributions		
219.3 · Class B - Distributions	(111,365.67)	(50,000.00)
219.5 · Class C - Distributions	(159,108.46)	(142,778.38)
219.7 · Class D - Distributions	(131,930.00)	(121,715.50)

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03/02/06
Accrual Basis

Citipower, L. L. C.
Balance Sheet
As of June 30, 2005

	<u>Jun 30, 05</u>	<u>Mar 31, 05</u>
Total 219 - Member's Capital Distributions	(402,404.13)	(314,493.88)
Net Income	91,611.97	77,981.24
Total Equity	<u>5,889,333.86</u>	<u>5,963,613.38</u>
TOTAL LIABILITIES & EQUITY	<u><u>7,505,914.07</u></u>	<u><u>7,617,473.06</u></u>

Citipower, L. L. C.
Profit & Loss
April through June 2005

	Apr - Jun 05
Ordinary Income/Expense	
Income	
400 · Operating Revenues	
480 · Sales of Gas	
480.1 · Residential Sales	18,577.92
481.1 · Commercial Sales	15,478.99
481.2 · Industrial Sales	5,005.25
482.1 · Public Sales	173,879.02
Total 480 · Sales of Gas	212,941.18
Total 400 · Operating Revenues	212,941.18
414 · Other Operating Income	
488.1 · Misc Service Revenues	50.00
488.2 · Late Charges Collected	5,079.51
488.3 · Hook up fees collected	25.00
489.2 · Other Gas Rev. -Transportation	17,550.12
Total 414 · Other Operating Income	22,704.63
Total Income	235,645.81
Gross Profit	235,645.81
Expense	
401 · Operation Expense	
80X · Gas Supply Expense	
801 · Natural Gas Field Purchases	84,391.63
Total 80X · Gas Supply Expense	84,391.63
85X · Transmission Expenses	
853 · Trans. Compressor Labor & Exp.	466.01
855 · Trans. Compressor Fuel & Power	
855.3 · Compressor Electricity	77.14
855.4 · Compressor Telephone	75.37
855 · Trans. Compressor Fuel & Power - Other	16.05
Total 855 · Trans. Compressor Fuel & Power	168.56
860 · Trans. Compressor Rent	9,952.57
864 · Trans. Compressor Maintenance	65.09
865 · Total Flow Meter-Maintenance	504.80
866 · Total Flow Meter-Supplies	1,212.35
Total 85X · Transmission Expenses	12,369.38
87X · Distribution Expenses	
875 · Measuring & Reg. Station Exp.	
875.5 · Electricity - Prison Meter	7.31
Total 875 · Measuring & Reg. Station Exp.	7.31
878 · Meter & House Regulator Expense	
878.1 · Meter & Reg. Labor & Exp.	481.00
878.5 · Equipment Rental	521.04
878.8 · Materials & Supplies	242.90
Total 878 · Meter & House Regulator Expense	1,244.94

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Accrual Basis

Citipower, L. L. C.
Profit & Loss
April through June 2005

	Apr - Jun 05
881 · Rents - Distribution Expenses	
881.4 · Rent - Shop & Storage	1,680.00
Total 881 · Rents - Distribution Expenses	1,680.00
Total 87X · Distribution Expenses	2,932.25
92X · Admin. and General Expenses	
920 · Admin & General Salaries (920)	
920.2 · Mgt. Consulting Expense	11,134.82
920.4 · Management fees	30,000.00
Total 920 · Admin & General Salaries (920)	41,134.82
921 · Office Supplies/Expense	
921.10 · Postage/FedEx (G&A)	703.95
921.11 · Meals/Entertainment	374.57
921.12 · Travel	274.68
921.2 · Bank Svce Chgs (G&A)	30.00
921.29 · Uniforms	567.77
921.3 · Dues and Subscriptions	38.28
921.4 · Office Cleaning	350.00
921.5 · Telephone	2,208.79
921.7 · Utilities (G&A)	611.04
921.8 · Office Supplies & Expenses	486.86
Total 921 · Office Supplies/Expense	5,645.94
923 · Outside Services	
923.1 · Engineering Services	376.00
923.2 · Accounting Fees	13,524.06
923.3 · Contract Labor - Office	467.00
923.6 · Legal & Professional Fees	16,098.29
Total 923 · Outside Services	30,465.35
925 · Injuries & Damages	
925.2 · Insurance - Liability	405.46
Total 925 · Injuries & Damages	405.46
926 · Employee Pension/Benefit (926)	
926.1 · Insurance - Life	880.78
926.4 · Insurance - Medical	1,621.28
926.7 · Insurance - Workmans' Comp	717.58
926.9 · Flower Fund	26.50
Total 926 · Employee Pension/Benefit (926)	3,246.14
930.1 · General Advertising Expenses	189.55
930.2 · Misc. General Expenses	65.01
932 · Maintenance of General Plant	
932.2 · Repairs & Maintenance - Office	310.21
Total 932 · Maintenance of General Plant	310.21
Total 92X · Admin. and General Expenses	81,462.48
Total 401 · Operation Expense	181,155.74

Citipower, L. L. C.
Profit & Loss
April through June 2005

	Apr - Jun 05
408.1 · Taxes Other Than Income Taxes	
408.1.1 · Payroll Taxes	(19.73)
408.1.6 · Licenses	748.00
408.1.8 · Other Taxes & Fees	1,977.88
Total 408.1 · Taxes Other Than Income Taxes	2,706.15
600 · Clearing Accounts	
656 · Employee Clearing Accounts	
656.1 · Payroll Expenses	26,405.14
656.3 · Training & Education	100.00
Total 656 · Employee Clearing Accounts	26,505.14
667 · Transportation Expenses	
667.1 · Vehicle Expenses	2,008.98
667.4 · Vehicle Repair & Maint.	47.00
667.5 · Vehicle Insurance/Title/Fees	909.13
Total 667 · Transportation Expenses	2,965.11
Total 600 · Clearing Accounts	29,470.25
Total Expense	213,332.14
Net Ordinary Income	22,313.67
Other Income/Expense	
Other Expense	
431 · Other Interest Expense	
431.2 · Interest expense - customer dep	15.56
431.4 · Interest-Note Payable	8,667.38
Total 431 · Other Interest Expense	8,682.94
Total Other Expense	8,682.94
Net Other Income	(8,682.94)
Net Income	13,630.73

Citipower, L. L. C.
Balance Sheet
As of March 31, 2005

	Mar 31, 05	Dec 31, 04
ASSETS		
Current Assets		
Checking/Savings		
131 · Cash		
131.1 · McCreary - Operating A/C	19,520.68	120,347.00
131.2 · McCreary - Business A/C	3,766.63	1,682.48
131.5 · Centura A/C 0411790887	75,718.31	406,489.88
131.9 · Petty Cash	500.00	500.00
Total 131 · Cash	99,505.62	529,019.36
Total Checking/Savings	99,505.62	529,019.36
Accounts Receivable		
142 · Customer Accounts Receivable		
142.1 · A/R - Residential/Commercial	207,250.74	200,767.64
142.2 · A/R - Payment Plan	401.71	433.38
Total 142 · Customer Accounts Receivable	207,652.45	201,201.02
144 · Allow for Uncollectible Accts.	(6,000.00)	(6,000.00)
Total Accounts Receivable	201,652.45	195,201.02
Other Current Assets		
134 · Other Special Deposits		
134.5 · Utility Deposits	307.88	300.00
Total 134 · Other Special Deposits	307.88	300.00
143 · Other Accounts Receivable		
143.5 · Transportation Fees Receivable	16,390.43	12,209.65
Total 143 · Other Accounts Receivable	16,390.43	12,209.65
147.1 · PREPAID INSURANCE	36,329.43	36,329.43
Total Other Current Assets	53,027.74	48,839.08
Total Current Assets	354,185.81	773,059.46
Fixed Assets		
101 · Gas Plant in Service (365-399)		
367.N · Pipeline Line - Steel - N	1,053,723.97	1,053,723.97
368.N · Compressor Station & Equip. - N	134,535.18	134,535.18
369 · Prison Pipeline	1,465.83	1,465.83
376.1 · Pipeline - 1" & 2"	386,662.95	386,662.95
376.3 · Pipeline - 3"	456,479.96	456,479.96
376.4 · Pipeline - 4"	1,008,793.48	1,008,793.48
376.6 · Pipeline - 6"	492,615.37	492,615.37
377 · Compressor Station & Equipment	7,160.77	7,160.77
378.1 · Reg/Odorant Station	12,474.06	12,474.06
382 · Equipment - Meters/Setup	768,196.97	767,580.84
390 · Office Building	125,000.00	125,000.00
391.1 · Office Furniture & Equipment	11,011.80	11,011.80
391.2 · Office Software	16,801.32	16,801.32
392 · Automobiles/Vehicles	75,218.62	75,218.62
396 · Equipment - DW/Other	77,985.33	77,985.33
Total 101 · Gas Plant in Service (365-399)	4,628,125.61	4,627,509.48
108 · Accumulated Depreciation	(1,761,388.25)	(1,761,388.25)
Total Fixed Assets	2,866,737.36	2,866,121.23
Other Assets		

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Accrual Basis

Citipower, L. L. C.
Balance Sheet
As of March 31, 2005

	Mar 31, 05	Dec 31, 04
123 · Investment in Assoc. Companies		
123.1 · LBU, LLC investment	2,386,333.62	2,386,333.62
123.2 · Citigas, LLC investment	2,010,216.27	1,535,216.27
Total 123 · Investment in Assoc. Companies	4,396,549.89	3,921,549.89
Total Other Assets	4,396,549.89	3,921,549.89
TOTAL ASSETS	7,617,473.06	7,560,730.58
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
232 · Accounts Payable	137,801.11	159,244.72
Total Accounts Payable	137,801.11	159,244.72
Other Current Liabilities		
Accrued Payroll	3,260.08	3,260.08
231 · Notes Payable		
231.1 · Note Payable - Bank of McCreary	997,867.61	997,867.61
231.2 · Line of Credit	495,000.00	495,000.00
Total 231 · Notes Payable	1,492,867.61	1,492,867.61
235 · Customer Deposits	5,238.82	4,807.82
236 · Taxes Accrued		
236.2 · Sales Tax Payable	1,851.47	1,857.19
236.3 · Severance Tax Payable	3,224.45	3,237.84
236.4 · School Tax Payable	5,562.06	5,769.10
Total 236 · Taxes Accrued	10,637.98	10,864.13
237 · Interest Accrued	3,826.58	3,826.58
242 · Misc. / Other Liabilities	227.50	227.50
Total Other Current Liabilities	1,516,058.57	1,515,853.72
Total Current Liabilities	1,653,859.68	1,675,098.44
Total Liabilities	1,653,859.68	1,675,098.44
Equity		
216 · Retained Earnings	(3,580,895.71)	(3,421,448.96)
218 · Member's Capital Contributions		
218.3 · Class B - Capital Contributed	8,730,760.26	8,730,760.26
218.5 · Class C - 7% Preferred	466,574.52	466,574.52
218.7 · Class D - 7% Preferred	583,686.95	583,686.95
Total 218 · Member's Capital Contributions	9,781,021.73	9,781,021.73
219 · Member's Capital Distributions		
219.3 · Class B - Distributions	(50,000.00)	(50,000.00)
219.5 · Class C - Distributions	(142,778.38)	(142,778.38)
219.7 · Class D - Distributions	(121,715.50)	(121,715.50)
Total 219 · Member's Capital Distributions	(314,493.88)	(314,493.88)
Net Income	77,981.24	(159,446.75)
Total Equity	5,963,613.38	5,885,632.14
TOTAL LIABILITIES & EQUITY	7,617,473.06	7,560,730.58

Citipower, L. L. C.
Profit & Loss
January through March 2005

	Jan - Mar 05
Ordinary Income/Expense	
Income	
400 · Operating Revenues	
480 · Sales of Gas	
480.1 · Residential Sales	58,850.33
481.1 · Commercial Sales	70,871.73
481.2 · Industrial Sales	54,538.54
482.1 · Public Sales	369,440.01
Total 480 · Sales of Gas	553,700.61
Total 400 · Operating Revenues	553,700.61
414 · Other Operating Income	
488.1 · Misc Service Revenues	1,123.00
488.2 · Late Charges Collected	3,828.59
488.3 · Hook up fees collected	525.00
489.2 · Other Gas Rev. -Transportation	12,219.75
Total 414 · Other Operating Income	17,696.34
Total Income	571,396.95
Gross Profit	571,396.95
Expense	
401 · Operation Expense	
80X · Gas Supply Expense	
801 · Natural Gas Field Purchases	305,807.90
Total 80X · Gas Supply Expense	305,807.90
85X · Transmission Expenses	
853 · Trans. Compressor Labor & Exp.	432.58
855 · Trans. Compressor Fuel & Power	
855.3 · Compressor Electricity	48.15
855.4 · Compressor Telephone	71.87
Total 855 · Trans. Compressor Fuel & Power	120.02
860 · Trans. Compressor Rent	9,402.10
Total 85X · Transmission Expenses	9,954.70
87X · Distribution Expenses	
874 · Maintenance of Mains	0.00
875 · Measuring & Reg. Station Exp.	
875.5 · Electricity - Prison Meter	22.90
875 · Measuring & Reg. Station Exp. - Other	0.00
Total 875 · Measuring & Reg. Station Exp.	22.90
878 · Meter & House Regulator Expense	
878.1 · Meter & Reg. Labor & Exp.	908.77
878.2 · Fittings & Els, etc.	613.89
878.8 · Materials & Supplies	271.14
Total 878 · Meter & House Regulator Expense	1,793.80
881 · Rents - Distribution Expenses	
881.1 · Rent - Schenck Compressor	3,377.88
881.4 · Rent - Shop & Storage	1,695.53
Total 881 · Rents - Distribution Expenses	5,073.41

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Accrual Basis

Citipower, L. L. C.
Profit & Loss
January through March 2005

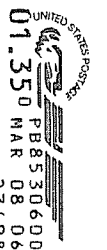
	Jan - Mar 05
894 · Maintenance of Equipment	
894.1 · Equipment Repairs	916.66
Total 894 · Maintenance of Equipment	916.66
Total 87X · Distribution Expenses	7,806.77
92X · Admin. and General Expenses	
920 · Admin & General Salaries (920)	
920.2 · Mgt. Consulting Expense	14,515.35
920.4 · Management fees	40,000.00
Total 920 · Admin & General Salaries (920)	54,515.35
921 · Office Supplies/Expense	
921.10 · Postage/FedEx (G&A)	619.31
921.11 · Meals/Entertainment	371.00
921.2 · Bank Svce Chgs (G&A)	20.10
921.29 · Uniforms	533.14
921.3 · Dues and Subscriptions	87.00
921.4 · Office Cleaning	320.00
921.5 · Telephone	2,664.43
921.6 · Computer Expense	1,160.00
921.7 · Utilities (G&A)	903.35
921.8 · Office Supplies & Expenses	1,202.60
Total 921 · Office Supplies/Expense	7,880.93
923 · Outside Services	
923.2 · Accounting Fees	2,342.32
923.3 · Contract Labor - Office	224.00
923.5 · Other-Labor	1,000.00
923.6 · Legal & Professional Fees	32,494.58
923.6.N · Legal & Professional Fees - N	633.50
Total 923 · Outside Services	36,694.40
925 · Injuries & Damages	
925.2 · Insurance - Liability	(116.36)
925.5 · Employee Drug Testing Service	250.00
Total 925 · Injuries & Damages	133.64
926 · Employee Pension/Benefit (926)	
926.1 · Insurance - Life	107.07
926.4 · Insurance - Medical	2,231.82
926.7 · Insurance - Workmans' Comp	(1,752.14)
Total 926 · Employee Pension/Benefit (926)	586.75
928 · Regulatory Commission Expenses	65.25
930.1 · General Advertising Expenses	150.80
930.2 · Misc. General Expenses	
930.2.5 · Misc General Exp	92.50
Total 930.2 · Misc. General Expenses	92.50
931 · Rents (SG&A)	
931.1 · Rent - copier	360.85
Total 931 · Rents (SG&A)	360.85

Citipower, L. L. C.
Profit & Loss
January through March 2005

	Jan - Mar 05
932 · Maintenance of General Plant	
932.2 · Repairs & Maintenance - Office	29.18
Total 932 · Maintenance of General Plant	29.18
Total 92X · Admin. and General Expenses	100,509.65
Total 401 · Operation Expense	424,079.02
408.1 · Taxes Other Than Income Taxes	
408.1.6 · Licenses	600.00
408.1.8 · Other Taxes & Fees	205.00
Total 408.1 · Taxes Other Than Income Taxes	805.00
600 · Clearing Accounts	
656 · Employee Clearing Accounts	
656.1 · Payroll Expenses	29,967.43
Total 656 · Employee Clearing Accounts	29,967.43
667 · Transportation Expenses	
667.1 · Vehicle Expenses	1,948.56
667.4 · Vehicle Repair & Maint.	2,009.70
667.5 · Vehicle Insurance/Title/Fees	1,385.38
667.99 · Clearing	0.00
Total 667 · Transportation Expenses	5,343.64
Total 600 · Clearing Accounts	35,311.07
Total Expense	460,195.09
Net Ordinary Income	111,201.86
Other Income/Expense	
Other Expense	
427 · Interest on Long-Term Debt	
427.5 · Interest - LBU-LLC	2,309.90
Total 427 · Interest on Long-Term Debt	2,309.90
431 · Other Interest Expense	
431.1 · Interest - LOC	2,516.25
431.4 · Interest-Note Payable	28,394.47
Total 431 · Other Interest Expense	30,910.72
Total Other Expense	33,220.62
Net Other Income	(33,220.62)
Net Income	77,981.24



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2122 Enterprise Rd, Greensboro, NC 27408

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FRANKFORT KY 40602

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